

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 2445 – SB 2495

April 1, 2014

SUMMARY OF ORIGINAL BILL: Authorizes the agricultural production of industrial hemp. Defines “industrial hemp” as plants of the genus *Cannabis* that do not contain a delta-9 tetrahydrocannabinol (THC) concentration exceeding 0.3 percent on a dry mass basis, and are grown from seed certified by an approved agency. Removes hemp meeting the proposed definition from current criminal and tax definitions of marijuana. Establishes that the Department of Agriculture will be responsible for oversight of the crop and will have the authority to establish fees and rules related to such oversight.

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue – \$12,900/FY14-15
\$25,700/FY15-16 and Subsequent Years

Increase State Expenditures - \$12,900/FY14-15
\$25,700/FY15-16 and Subsequent Years

SUMMARY OF AMENDMENT (014151): Deletes all language after the enacting clause. Authorizes the agricultural production of industrial hemp. Defines “industrial hemp” as plants of the genus *Cannabis* that do not contain a delta-9 tetrahydrocannabinol (THC) concentration exceeding 0.3 percent on a dry mass basis, and are grown from seed certified by an approved agency. Removes hemp meeting the proposed definition from current criminal and tax definitions of marijuana. Establishes that the Department of Agriculture will be responsible for oversight of the crop and will have the authority to establish fees and rules related to such oversight.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the corrected fiscal note.

Assumptions for the bill as amended:

- It is assumed that 10 producers will sign up for the program in each of the first two years; but afterwards, the number of producers remains relatively constant at approximately 20 per year.

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- Based upon information provided by the Department of Agriculture, actual laboratory costs plus allocated personnel costs related to the oversight of each producer are estimated to be \$1,285 annually. The increase in state expenditures is estimated to be \$12,850 (10 x \$1,285) in FY14-15; and the recurring increase in state expenditures is estimated to be \$25,700 (20 x \$1,285) in FY15-16 and subsequent years.
- Based upon information provided by the Tennessee Bureau of Investigation, testing on industrial hemp products can be handled utilizing existing resources without an increased appropriation or reduced reversion.
- Each year \$1,285 in fees will be charged to each producer by the Department of Agriculture for a production permit, a transport permit, and laboratory costs. The increase in state revenue is estimated to be \$12,850 (10 x \$1,285) in FY14-15; and the recurring increase in state revenue is estimated to be \$25,700 (20 x \$1,285) in FY15-16 and subsequent years.
- Any increase in local government expenditures related to law enforcement involvement in matters related to industrial hemp production are permissive and will be handled utilizing existing resources.
- It is assumed that there will be no change in the number of prosecutions for marijuana related crimes as a result of this bill as amended.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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